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HOC BRIEFING

LAOS

I. Although new Laotian cabinet of Premier Phoui excludes Communist-dominated Neo Lao Hak Kai and is Western-oriented, it appears too weak to effect radical reforms necessary to check growing Communist influence.

II. Of other ten in cabinet notoriously corrupt Katay is leading figure.

A. He is vice premier and holds defense and interior portfolios.

B. His presence in new cabinet associates it with corruption of its predecessor.

C. Katay strongly opposes drastic monetary reforms desired by P.

III. Cabinet includes four conservatives who will probably follow lead of Phoui and Katay, and Bui Souvannavong, who and until recently fellow traveller of Communists.

IV. Only four young, probably capable reformist leaders serving and their influence will be limited.

A. They have little support in assembly.

V. These reformists and military considering army intervention in indefinite future.

A. They speak in terms of waiting until constitutional government for Laos is conclusively proved ineffective.

VI. Security situation steadily deteriorating and coup if delayed too long might run greater risks from strengthened NKK.

A. Government administrators in remote areas resigning out of fear

B. Some volunteer home guard units in southern Laos turning to arms claiming govt can't protect them in event of showdown.